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New plans for P2P commerce, despite court wait

By John Borland
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As the file-swapping world waits for a verdict on its future from the Supreme Court, a handful of entrepreneurs are pushing ahead with plans to harness the anarchic networks for commerce.

On Wednesday, a new service called Gnutelligence launched with the aim of bringing something very like Google's sponsored search results to the open-source Gnutella network.

Run by a former LimeWire employee, the service is designed to produce clearly marked advertising results in response to specific, pre-purchased keywords inside the Gnutella network. Thus--a hypothetical example only--a search for "Britney Spears" might bring back a link to a record store Web site selling the new Britney Spears album.

"P2P doesn't have to be about copyright violations, it can be about offering legal services to use," said Gnutelligence founder Susheel Daswani.

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> –Susheel Daswani, founder, Gnutelligence

Daswani's service is the latest to set sights on reaching the huge populations inside file-swapping networks with messages from legitimate businesses. But it's a risky time to launch. With the Supreme Court slated to rule on the fate of companies like Grokster and StreamCast Networks as soon as Thursday, swapping services are at one of the most critical junctures in their short history.

Few expect the court to rule that software companies producing peer-to-peer software are unambiguously legal or illegal. But any new restrictions on their products--such as a mandate to filter copyright works, or even to avoid encouraging copyright violations in any way--could change the culture of today's peer-to-peer networks in unpredictable ways.

The attempt to profit from search on file-swapping networks isn't new. Altnet, a company that provides sponsored search results on Kazaa and Grokster, has worked for several years to persuade content companies to distribute their wares through peer-to-peer services.

That effort has met with minimal success, largely among game companies. An Altnet spokesman said the company distributes an average of 150,000 paid content licenses for its customers per month. But its parent company, Brilliant Digital Entertainment, is in financial dire straits, seeking new funding with little money in the bank.

According to its last federal filing, Brilliant made about $92,000 from its peer-to-peer content distribution in the quarter ending in March, down from about $124,000 in the same period in 2004.

More ambitiously, former Grokster executive Wayne Rosso is launching an entirely new peer-to-peer network called Mashboxx, which will use technology from Napster founder Shawn Fanning's Snocap to turn music swaps into transactions for record companies.

The fear of spam on existing peer-to-peer networks is a longstanding and contentious one in file-swapping communities, however. Already today, many results returned in a typical peer-to-peer search lead to pornographic advertisements masquerading as true search results, for example.

Researchers at software companies and at universities have developed some spam-fighting approaches, but the problem has nevertheless remained.

Daswani is wary of being labeled spam, and says his sponsored search results—today being returned only in Limewire and in his own company's Gnoozle software—are clearly marked and tied only to specific keywords, as with Google's paid search ads. The ads come in the form of HTML links labeled as advertisements, which include some explanation of their content, he said.

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"We aren't spamming people," Daswani said, adding that he has one as-yet-unnamed client today. "Not every query is replied to, only the ones that we have relevant content for."

The service's ads, which spawn pop-up Web pages once clicked, are causing some initial anxious comment in the Gnutella user community. Some users there fear that the pop-up page format could be used to distribute more dangerous material such as viruses or spyware.

"If someone already found out that they can exploit (this feature) for profit, then someone will eventually exploit it for malice," one worried user in a Gnutella forum wrote.